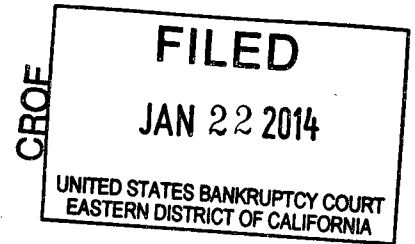


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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
FRESNO DIVISION

In re	}	Case No. 12-17458-B-11
South Lakes Dairy Farm,		DC No. RAC-4
a California general partnership,		
Debtor.		

**MEMORANDUM DECISION REGARDING BLAKELEY &
BLAKELEY LLP'S THIRD AND FINAL APPLICATION FOR
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Ronald A. Clifford, Esq., appeared on behalf of the applicant Blakeley & Blakeley LLP.

Jacob L. Eaton, Esq., appeared on behalf of the debtor, South Lakes Dairy Farm.

Before the court is the third and final application for compensation and reimbursement of expenses (the "Final Application") filed by the law firm Blakeley & Blakeley LLP ("Blakeley"), which represented the official committee of unsecured creditors in this chapter 11¹ case. The Final Application is opposed in part by the debtor, South Lake Dairy Farm (the "Debtor"). For the reasons set forth below, Blakeley's request for fees and reimbursement of expenses will be approved in full (less the reductions that Blakeley has voluntarily agreed to).

This memorandum decision contains the court's findings of fact and conclusions of law required by Federal Rule of Civil Procedure 52(a), made applicable to this contested matter by Federal Rules of Bankruptcy Procedure 7052 and 9014(c). The bankruptcy court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334, 11 U.S.C.

¹ Unless otherwise indicated, all chapter, section, and rule references are to the Bankruptcy Code, 11 U.S.C. §§ 101–1330, and to the Federal Rules of Bankruptcy Procedure, Rules 1001–9036, as enacted and promulgated *after* October 17, 2005, the effective date of the Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) of 2005, Pub. L. No. 109-8, 119 Stat. 23.

1 § 330, and General Order No. 182 of the U.S. District Court for the Eastern District of
2 California. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

3 **Background and Findings of Fact.**

4 The background of this case has been fairly set forth in the Final Application (ECF
5 No. 456), and will not be fully revisited here. However, for purposes of this
6 memorandum, the relevant facts may be summarized as follows:

7 The Debtor, which operates a dairy, filed its chapter 11 petition on August 30,
8 2012. The United States Trustee appointed an official committee of unsecured creditors,
9 consisting of seven creditors (the "Committee").² The court approved Blakeley's
10 employment to represent the Committee on January 18, 2013.

11 The Committee has maintained an active presence throughout the case due in part
12 to Blakeley's representation. In particular, the Committee objected to the Debtor's
13 original plan, which had proposed to pay unsecured creditors \$1.2 million, or 15% of their
14 claims. In response to the objection, the Debtor elected to withdraw its plan. The
15 Committee and the Debtor then renegotiated the terms of a plan that would return
16 significantly more to the unsecured creditors; \$2.6 million, or roughly 33% of their
17 claims. With that plan now confirmed, Blakeley seeks compensation for representing the
18 Committee.

19 Prior to filing the Final Application, Blakeley filed two interim applications for
20 compensation and reimbursement of expenses. In the first interim application, Blakeley
21 sought allowance of \$23,874.50 in fees and \$184.55 in expenses for work performed
22 between September 21, 2012 and January 25, 2013 (the "First Application"). After
23 receiving some informal comments from the Debtor, Blakeley voluntarily agreed to
24 reduce the requested fees by \$736. In the second interim application, Blakeley requested
25 \$17,514.50 in fees and \$246.96 in expenses for work performed between January 26 and
26

27 ² The creditors appointed to the Committee are Cal-By Products; Center for Race, Poverty
28 and the Environment; Gillespie Ag Service; Pitigliano Farms; Seley & Company; Troost Hay
Sales; and Western Milling, LLC.

June 16, 2013 (the “Second Application”). Again, Blakeley voluntarily agreed to reduce the requested fees, this time by \$697.50.³ For both interim applications, the court allowed the reduced fees and all of the expenses on an interim basis.⁴ On account of its two interim fee applications, Blakeley has already been paid \$41,123.01 which is \$736 more than the interim allowance (\$40,387.01).⁵

In the Final Application, Blakeley requests final approval of the two interim fee awards plus additional fees incurred through completion of the case. Altogether, Blakeley seeks final approval of fees totaling \$86,606.23⁶ (\$85,642.50 in fees and \$963.73 in expenses).⁷ The Final Application drew a number of objections from the Debtor. At the hearing, the court heard oral argument and gave the parties the opportunity to settle the Debtor’s objections or, if unsuccessful, gave Blakeley the opportunity to file a supplemental brief. The dispute remains unsettled. Blakeley’s supplemental brief has been filed and the matter has been submitted.

Discussion and Conclusions of Law.

Attorney Compensation under § 330, the Lodestar Method. Section 330 of the Bankruptcy Code governs compensation to estate professionals, including those employed

³ The \$736 and \$697.50 reductions addressed billing entries for clerical or secretarial tasks.

⁴ For the First Application, the court had approved \$23,323.05 in fees and expenses, and for the Second Application, the court had approved \$17,063.96 in fees and expenses. Altogether, \$40,387.01 in fees and expenses had been approved on an interim basis.

⁵ In the Final Application, Blakeley acknowledged receiving only \$17,690.45 from the Debtor, but the Debtor paid an additional \$23,432.56 after Blakeley filed the Final Application. When calculating what it had to pay Blakeley on an interim basis, the Debtor likely used the amount requested by Blakeley in its First Application, rather than the amount ultimately allowed by the court.

⁶ This figure takes into account Blakeley’s \$2,605 voluntary reduction from the originally requested amount.

⁷ Blakeley filed a declaration from Lyle Ens, the chairperson of the Committee, stating that the Committee approves the fees requested by Blakeley in its Final Application.

1 by a committee under § 1103. Section 330 provides, in pertinent part, that the court may
 2 award “reasonable compensation for actual, necessary services rendered” by such
 3 professionals. § 330(a)(1). In the Ninth Circuit, the customary method for determining
 4 the award of reasonable attorney’s fees is by the “lodestar” method. *Law Offices of David*
 5 *A. Boone v. Derham-Burk (In re Eliapo)*, 468 F.3d 592, 598 (9th Cir. 2006). Under this
 6 method, “‘the number of hours reasonably expended’ is multiplied by ‘a reasonable
 7 hourly rate’ for the person providing the services.” *Id.* (quoting *Hensley v. Eckerhart*,
 8 461 U.S. 424, 433 (1983)). Use of the “lodestar” method though is not mandatory. *See*
 9 *Unsecured Creditors’ Comm. v. Puget Sound Plywood, Inc.*, 924 F.2d 955, 961 (9th Cir.
 10 1991) (concluding that bankruptcy court’s use of alternative formula rather than lodestar
 11 method was not abuse of discretion).

12 Nevertheless, in deciding an applicant’s “reasonable compensation,” the
 13 bankruptcy court has the independent duty to “scrutinize the [fee] application in the
 14 interest of protecting the integrity of the bankruptcy system.” *In re Pruitt*, 319 B.R. 636,
 15 638 (Bankr. S.D. Cal. 2004) (citation omitted).

16 Prudent Billing Judgment. Whenever the court must determine the reasonableness
 17 of the hours expended by a fee applicant, a universal consideration in the court’s analysis
 18 is whether the applicant exercised reasonable or prudent billing judgment when it
 19 incurred those fees. *See Roberts, Sheridan & Kotel, P.C. v. Bergen Brunswig Drug Co.*
 20 *(In re Mednet)*, 251 B.R. 103, 109 (9th Cir. BAP 2000) (“Professionals always must
 21 exercise proper billing judgment.”); *Lobel & Opera v. U.S. Tr. (In re Auto Parts Club,*
 22 *Inc.)*, 211 B.R. 29, 33 (9th Cir. BAP 1997) (“Professionals have an obligation to exercise
 23 billing judgment.”); *see also Puget Sound Plywood*, 924 F.2d at 958–59 (noting that a
 24 bankruptcy professional had an “obligation to exercise billing judgment” and did not have
 25 “free reign to run up a tab” without considering several factors). On this “billing
 26 judgment” issue, the Supreme Court has commented,

27 [A court] . . . should exclude from [the] initial fee calculation hours that
 28 were not “reasonably expended.” Cases may be overstaffed, and the skill
 and experience of lawyers vary widely. Counsel [who is requesting fees]

1 should make a good faith effort to exclude from a fee request hours that are
2 excessive, redundant, or otherwise unnecessary, just as a lawyer in private
3 practice ethically is obligated to exclude such hours from his fee
4 submission. In the private sector, "billing judgment" is an important
5 component in fee setting. It is no less important here.

6 *Hensley*, 461 U.S. at 434 (citations omitted) (internal quotation marks omitted) (Civil
7 Rights Attorney's Fees Awards Act context). Thus, "[i]t does not follow that the amount
8 of time *actually* expended is the amount of time *reasonably* expended." *Copeland v.*
9 *Marshall*, 641 F.2d 880, 891 (D.C. Cir. 1980) (en banc) (emphasis added).

10 "The [applicant] applying for fees bears the burden of proving the reasonableness
11 of those fees." *Dalessio v. Pauchon (In re Dalessio)*, 74 B.R. 721, 724 (9th Cir. BAP
12 1987) (§ 506(b) context). It is not sufficient for the applicant to simply represent that all
13 of the time claimed was usefully spent, and the court should not uncritically accept these
14 representations. *Jordan v. Multnomah Cnty.*, 815 F.2d 1258, 1263 n.8 (9th Cir. 1987).
15 Instead, the applicant must show that the time spent was reasonable necessary and that it
16 made a good faith effort to exclude excessive, redundant, or unnecessary hours. *Id.* And
17 unless the court is satisfied that the fee applicant exercised prudent billing judgment, the
18 court is not required to accept the actual hours expended as being reasonable.

19 Detailed Fee Applications. The process of determining the reasonableness of fees
20 necessarily begins with the fee application itself. Rule 2016 provides, "An entity seeking
21 interim or final compensation for services . . . from the estate shall file an application
22 setting forth a *detailed* statement of (1) the services rendered, time expended and
23 expenses incurred, and (2) the amounts requested." Fed. R. Bankr. P. 2016(a) (emphasis
24 added). "These detailed applications establish the 'actual,' while an accompanying
25 narrative explanation of the 'how' and 'why' establish the 'necessary.'" *In re Wildman*,
26 72 B.R. 700, 707 (Bankr. N.D. Ill. 1987). "[D]etailed fee applications enable the
27 bankruptcy court to fulfill its obligations to examine carefully the requested compensation
28 in order to ensure that the claimed [fees and] expenses are justified." *In re Nucorp*
29 *Energy, Inc.*, 764 F.2d 655, 658 (9th Cir. 1985).

30 ///

1 Adjustments to Compensation Requested. On a motion by a party in interest or on
2 its own sua sponte motion, the court may “award compensation that is less than the
3 amount of compensation that is requested.” § 330(a)(2). If reducing fees, the court must
4 “provide a concise but clear explanation of its reason for the fee award,” *Hensley*, 461
5 U.S. at 437, and must also “articulate with sufficient clarity the manner in which it makes
6 its determination.” *Chalmers v. City of Los Angeles*, 796 F.2d 1205, 1211 (9th Cir. 1986),
7 *amended*, 808 F.2d 1373 (9th Cir. 1987). However, this does not require the court to
8 include detailed calculations in its explanations, but “something more than a bald,
9 unsupported amount is necessary. *Id.* at 1211 n.3.

10 With these legal principles in mind, the court turns to Blakeley’s Final Application
11 and the objections raised by the Debtor.⁸

12 Voluntary Reductions. In response to a few of the Debtor’s objections, Blakeley
13 has again agreed to reduce the amount of its fee request. The court finds that these
14 adjustments adequately address the applicable objections raised by the Debtor. First, the
15 Debtor argues that some of Blakeley’s billing entries represent tasks that are clerical or
16 secretarial in nature and should therefore be disallowed. In response, Blakeley has agreed
17 to reduce its fee request by \$1,519. Second, the Debtor objects to some fees associated
18 with work unrelated to this bankruptcy case. On account of these improprieties, Blakeley
19 has agreed to reduce its fees by an additional \$1,086. Lastly, the Debtor had reserved the
20 right to object to any additional fees to be charged by Blakeley relating to defending its
21 Final Application and other services rendered for the Committee after September 22,
22 2013, the end date of the application period. In its supplemental brief, Blakeley has
23 agreed to waive those fees (excluding any fees incurred in preparing the supplemental
24 brief itself), which it estimates to be \$5,575.50.

25
26 ⁸ At the hearing, the court inquired about the billing entries of Blakeley’s senior partner
27 and whether his participation was reasonable and necessary in the case. Blakeley’s supplemental
28 brief addresses the court’s concerns, and the court accepts Blakeley’s response as adequate.
Since the Debtor did not raise the same objection, the court sees no need to address the issue.

1 Preparation of Fee Applications. The court next considers the Debtor's objection
2 to Blakeley's fees for preparing the First and Second Applications. Specifically, Blakeley
3 incurred \$4,701.50 (18.9 hours of attorney and paralegal time) preparing the First
4 Application (representing roughly 20% of the fees requested in that application) and
5 \$4,175 (17.0 hours of attorney and paralegal time) preparing the Second Application
6 (representing roughly 24% of the fees requested in that application). The Debtor argues
7 that these fees should be reduced because it believes that reasonable fees for preparing a
8 fee application should never exceed 10% of the fees requested in that application.⁹

9 It is undisputed that an attorney is entitled to be compensated under § 330 for
10 preparing a fee application. *See In re Nucorp Energy, Inc.*, 764 F.2d 655, 659 (9th Cir.
11 1985). Nevertheless, the Bankruptcy Code provides that "[a]ny compensation awarded
12 for the preparation of a fee application shall be based on the level and skill reasonably
13 required to prepare the application." § 330(a)(6). In determining the reasonableness of
14 such compensation, some courts have imposed strict caps or ceilings on how much an
15 attorney can bill for preparing a fee application, usually in the form of a percentage of the
16 total fees requested in the application. *See, e.g., Rakitin v. Berliner Cohen (In re Dimas,*
17 *LLC)*, No. NC-08-1073-DJuMk, 2009 WL 7809032, at *7 (9th Cir. BAP Feb. 25, 2009)
18 (per curiam) (concluding that bankruptcy court from the Northern District of California
19 abused its discretion when it approved, without explanation, fees for preparing fee
20 application above the district's mandatory 5% limitation but noting that there are
21 "circumstances that would justify an award of fees for preparing fee applications in
22 excess of the five percent limitation"). However, this district has no equivalent across-
23 the-board policy. Thus, this court is not bound by any mandatory cap and declines to
24 adopt such a strict limitation as requested by the Debtor. Instead, the court considers the

25
26 ⁹ The Debtor has also pointed out that some of the billing entries related to the
27 preparation of fee applications were for clerical or secretarial work, such as reviewing the judge's
28 calendar and filing and serving the application. However, these billing entries have already been
addressed by Blakeley's \$1,519 voluntary reduction.

1 totality of the circumstances and finds that the fees incurred in preparing the First and
2 Second Applications are reasonable in this case.

3 First, when viewing in isolation Blakeley's fees for preparing each interim
4 application, they do appear high. However, when considering the aggregated fees for
5 preparing all three of the fee applications, they are more reasonable. Altogether, Blakeley
6 expended \$11,738 in preparing the three applications.¹⁰ This represents about 13% of the
7 total requested fees. Given the fact that Blakeley undoubtedly knew its fees would be
8 contested by the Debtor, the time spent in preparing a record to support those fees appears
9 to be more reasonable.

10 Additionally, given the sufficiency and completeness of its First and Second
11 Applications, Blakeley did not draw formal objections from the Debtor, the United States
12 Trustee, or any other party. The Debtor did make informal comments to Blakeley that
13 resulted in Blakeley making two small voluntary reductions, but nevertheless, Blakeley's
14 two interim fee applications did not result in further litigation (i.e., the filing of an
15 objection to the application). If Blakeley had spent less time on preparing the interim
16 applications, that could have had the effect of increasing the fees of both Blakeley and the
17 Debtor's counsel.

18 Lastly, the court takes into account Blakeley's voluntary waiver of its fees in
19 defending the Final Application (i.e., filing the reply brief and preparing oral argument),
20 which it would have been entitled to receive under § 330. *See Smith v. Edwards & Hale,*
21 *Ltd. (In re Smith)*, 317 F.3d 918, 928 (9th Cir. 2002) (holding that fees incurred in
22 litigation a fee application are compensable if two requirements are met), *abrogated on*
23 *other grounds by Lamie v. U.S. Tr.*, 540 U.S. 526 (2004). With this voluntary waiver,
24 Blakeley has limited its fees relating to preparing and litigating fee applications to a
25 reasonable level.

26 Travel Time. The Debtor also objects to a single billing entry in which one of
27

28 ¹⁰ Blakeley requested \$2,861.50 for preparing the Final Application.

1 Blakeley's attorneys billed six hours to travel to and from a meeting with the Debtor and
2 the Committee in Bakersfield to discuss the Debtor's plan on August 20, 2013.¹¹ The
3 attorney billed the six hours at his usual rate of \$295 an hour, but the Debtor argues that
4 he should have billed this time at half of his usual rate.

5 Some courts require that an attorney to bill for travel time at a reduced rate, while
6 others do not. *Compare In re Montgomery Drilling Co.*, 121 B.R. 32, 43 (Bankr. E.D.
7 Cal. 1990) ("It is this Court's policy only to allow one-half of the hourly rate for travel
8 time occurring between 8:00 a.m. and 5:00 p.m. if the travel time is specifically set out in
9 the fee application."), *with In re Cano*, 122 B.R. 812, 814 (Bankr. N.D. Ga. 1991)
10 ("Because bankruptcy attorneys are no less entitled to compensation for opportunity costs,
11 travel time should be considered as part of the total hours spent serving the client and
12 should be reimbursed at the full hourly rate."). However, this court does not need to
13 adopt a specific policy given Blakeley's overall billing practice for travel in this case.

14 What is not included in Blakeley's billing entries says more than what has been
15 included. As Blakeley has pointed out, it included only one billing entry for travel in its
16 Final Application. Blakeley did not bill for any other travel even though other travel
17 likely occurred. For most of the hearings in this case, Blakeley appeared telephonically,
18 rather than flying or driving from Irvine to Fresno and back, which saved the estate a
19 significant transportation expense, even at a reduced rate. And while a creditors'
20 committee typically has a greater presence in a chapter 11 case than a lone creditor and
21 would therefore likely prefer that its counsel appear in person at hearings, Blakeley was
22 more than able to adequately represent the Committee without the need to be physically
23 present at hearings. Due to Blakeley's efforts to reduce its need to travel, the six hours it
24 billed at the usual hourly rate for traveling once to Bakersfield is not unreasonable under
25 the circumstances.

26
27 ¹¹ The actual billing entry is for 14 hours to "[t]ravel to and meet with debtor and the
28 committee to discuss the plan," but the Debtor has assumed that eight of those hours were
dedicated to the actual meetings.

1 Out-of-State-Licensed Attorney. Next, the Debtor argues that one of Blakeley's
2 attorneys, who is admitted to practice law in Delaware but not in California, should have
3 billed for his work at an hourly rate of a law clerk. In this case, the attorney billed a total
4 of \$22,361 in fees, representing 75.8 hours at \$295 an hour. The Debtor believes that the
5 hourly rate should be brought down to \$200 an hour.

6 However, the Debtor has not cited any authority that would require the court to
7 limit the compensation of Blakeley's Delaware attorney, and the court cannot think of any
8 circumstances in this case that would warrant such a limitation. The Debtor cannot argue
9 that the Delaware attorney was involved in the unauthorized practice of law because the
10 firm has other attorneys who are licensed in California (and admitted in the Eastern
11 District of California) and who fulfilled their duty of reviewing his work before it was
12 filed. *See Winterrowd v. Am. Gen. Annuity Ins. Co.*, 556 F.3d 815, 823–25 (9th Cir.
13 2009) (awarding attorney's fees to out-of-state-licensed attorney where his "work was at
14 all times filtered through [an in-state attorney], who was admitted to the [applicable
15 jurisdiction] and subject to its discipline"). That attorney also was not required to seek
16 admission *pro hac vice* since he never formally "appeared" before this court, either by
17 appearing in court or by signing a motion, brief, or similar paper himself. *See id.* at 825
18 ("An out of state attorney must still apply for *pro hac vice* admission if that attorney
19 appears in court, signs pleadings, or is the exclusive contact in a case with the client or
20 opposing counsel."). Thus, no ethical issues arise when treating Blakeley's Delaware
21 attorney as an attorney for purposes of awarding fees.

22 Further, to the best of the court's knowledge, the relevant inquiry into the
23 "reasonable hourly rate" component of the lodestar does not involve consideration of an
24 attorney's admission to a specific state or jurisdiction. The court acknowledges that it is
25 obviously important that an attorney be admitted to practice law. However, for purposes
26 of awarding fees, there should be less of a concern about where that attorney is licensed
27 (as long as no ethical rules have been violated), particularly in bankruptcy cases, where
28 the attorney's work typically involves matters of federal, rather than state, law. To

1 determine what constitutes a reasonable hourly rate under the lodestar, the court turns to
2 the “prevailing market rates in the relevant community.” *Blum v. Stenson*, 465 U.S. 886,
3 895 (1984). This requires looking at the “rate prevailing in the community for similar
4 work performed by attorneys of comparable *skill, experience, and reputation*.” *Barjon v.*
5 *Dalton*, 132 F.3d 496, 500 (9th Cir. 1997) (emphasis added); *see also Blum*, 465 U.S. at
6 898 (“[T]he special skill and experience of counsel should be reflected in the
7 reasonableness of the hourly rates.”). Thus, it is the attorney’s skills and experience that
8 are the more relevant in determining the proper hourly rate, rather than where he or she is
9 admitted.

10 In this case, the Debtor has not raised any issues with Blakeley’s Delaware
11 attorney’s qualifications, other than his lack of admission to the California Bar. The
12 Debtor has also not objected to the hourly rate of Blakeley’s most involved attorney in the
13 case, who is also an associate at Blakeley and similarly billed at \$295 an hour. In the
14 absence of any circumstance that would warrant treating Blakeley’s Delaware attorney as
15 a law clerk, the court finds that the rate of \$295 an hour is a reasonable hourly rate for this
16 attorney.

17 Excessive Time Spent and Services Not Benefiting the Estate. The Debtor argues
18 that four tasks billed by Blakeley were either excessive in the amount of time spent or
19 were not beneficial to the estate. In other words, the Debtor believes that Blakeley did
20 not exercise prudent billing judgment. These tasks include (1) billing 1.3 hours for
21 \$383.50 for reviewing certain secured creditors’ stipulations relating to collateral
22 valuations and analyzing the applicable proofs of claim; (2) billing 7 hours for \$2,065 for
23 determining the Debtor’s ability to pay administrative expenses in full under its proposed
24 plan; (3) billing 12.1 hours for \$3,569.50 for reviewing proposed loan documents
25 between Debtor and Wells Fargo Bank; and (4) billing 3.9 hours for \$1,150.50 for
26 researching and reviewing four recent dairy bankruptcy cases. However, the court is
27 persuaded that the hours spent on these tasks were not excessive and that Blakeley’s
28 services did benefit the estate. Thus, the court finds that Blakeley exercised prudent

1 billing judgment and accepts the actual hours expended by Blakeley on these tasks as
2 being reasonable.

3 As to the first task, the Debtor argues that reviewing two of its two-page
4 stipulations with secured creditors regarding collateral valuations should have taken no
5 more than 0.3 hours, rather than 1.3 hours actually billed. However, the Debtor
6 oversimplifies what Blakeley actually did and why it did what it did. Not only did the
7 firm review the stipulations, but it examined the proofs of claim of the relevant secured
8 creditors (which were 9 and 13 pages) to confirm those creditors' security interests in the
9 collateral. Given that Blakeley represents the committee of unsecured creditors and that
10 secured creditors often have different interests than unsecured creditors, it was more than
11 appropriate for Blakeley to closely analyze the stipulations and proofs of claim for these
12 secured creditors. The time that Blakeley spent on this task was not unreasonable.

13 The Debtor also argues that the second disputed task, determining whether the
14 Debtor had the ability to pay administrative expenses in full, should have been performed
15 in 0.5 hours, rather than 7 hours. The Debtor believes that its administrative solvency
16 was easily demonstrated in its plan, monthly operating reports, status conference
17 statements, and other documents. Again, the Debtor understates the need for Blakeley's
18 due diligence. No party adverse to the Debtor should be required to blindly accept
19 whatever the Debtor has alleged in its papers. Further, the Debtor's disclosure statement
20 (which was most recently filed in March 2013) did not paint a clear picture into the
21 Debtor's administrative solvency by the time of confirmation (which occurred
22 approximately six months later) since the disclosure statement estimated the bulk of the
23 administrative expenses and included an outdated figure of the available funds to pay
24 such expenses. Thus, it was not unreasonable or unnecessary for Blakeley to perform
25 thorough due diligence, including researching the most recent operating reports and fee
26 applications and drafting a memorandum of that research.

27 As to the third task at issue, the Debtor contends that Blakeley's fees for the 12.1
28 hours spent reviewing the loan documents held by Wells Fargo Bank, the Debtor's

1 primary secured creditor, should be reduced by at least half. The Debtor contends that
2 such fees were unnecessary, but has not explained its position. Given that these loan
3 documents were essentially part of the proposed plan (i.e., how the plan would treat Wells
4 Fargo Bank's claim) and that unsecured creditors should have an interest in knowing how
5 a senior secured creditor will be treated, it was appropriate for Blakeley to perform this
6 task. One of the most important jobs a creditors committee has in a chapter 11 case is to
7 confirm the rights of the secured creditors who claim priority ahead of the unsecureds.
8 Due to the volume of the documents, consisting of more than 100 pages, the amount of
9 time it took for Blakeley to review and analyze them was, again, not unreasonable.

10 Lastly, the Debtor has objected to Blakeley's fees for researching four other local
11 dairy bankruptcies, arguing that this task did not benefit the estate (or the unsecured
12 creditors). Blakeley's explanation though demonstrates why there was a benefit. The
13 Debtor had informed unsecured creditors that their treatment under the plan would have
14 been better than that of similarly situated creditors in like cases. By researching and
15 reviewing the four bankruptcy cases, which involved dairies of similar size and
16 geographical location as the Debtor, Blakeley was able to test the legitimacy of the
17 Debtor's statements and negotiate with the Debtor more effectively.

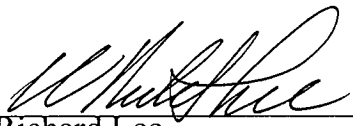
18 As a final note, the court points out how the Debtor, throughout its objections, has
19 attempted to downplay Blakeley's successful role in representing the Committee and
20 unsecured creditors. Because of Blakeley's due diligence and efforts throughout this
21 case, the unsecured creditors fared significantly better than they would have in the plan
22 originally proposed by the Debtor. As part of the § 330 inquiry, the court not only
23 "examine[s] the circumstances and the manner in which services are performed [but also]
24 *the results achieved* in order to arrive at a determination of a reasonable fee allowance."
25 *Mednet*, 251 B.R. at 108 (emphasis added). And in this case, the court notes how the
26 Committee's objection to the Debtor's plan resulted in the Debtor modifying its plan to
27 increase payments to unsecured creditors from \$1.2 million to \$2.6 million. Due to
28 Blakeley's services, unsecured creditors will be able to recover roughly 33% of their

1 claims, rather than the originally proposed 15%.

2 **Conclusion.**

3 Based on the foregoing, the court will allow Blakeley's compensation in the
4 amount of \$85,642.50 and reimbursement of expenses in the amount of \$963.73, which
5 together equals \$86,606.23. Blakeley has voluntarily reduced its initial request for
6 compensation (\$88,247.50) by \$2,605. Additionally, as offered by Blakeley, fees for
7 defending the Final Application and for other services rendered for the Committee after
8 September 22, 2013, have been waived. Taking into account the \$41,123.01 already paid
9 by the Debtor, it appears that Blakeley is entitled to an administrative claim in the amount
10 of \$45,483.22.

11 Dated: January 22, 2014

12 
13 W. Richard Lee
14 United States Bankruptcy Judge
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Instructions to Clerk of Court
Service List - Not Part of Order/Judgment

The Clerk of Court is instructed to send the Order/Judgment or other court generated document transmitted herewith to the parties below. The Clerk of Court will send the Order via the BNC or, if checked ☐, via the U.S. mail.

Debtor(s), Attorney for the Debtor(s), Bankruptcy Trustee (if appointed in the case), and ☒ Other Persons Specified Below:

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